

Good morning. For the record, my name is Christi Craddick and I am the Chairman of the Railroad Commission of Texas.

Chairmen and Members, thank you for having me here today. I'd like to start by thanking the first responders, linemen, volunteers, and countless agency personnel who have worked tirelessly over the past two weeks to restore power across the state and keep Texans warm. In particular, I know that Railroad Commission staff have worked around the clock, many of whom were without power and water themselves in order to keep gas flowing in the state. I am deeply grateful for everyone who played a role in returning power to homes across Texas as I lost power for 4 days myself. We have power here today thanks to them and for that I am sincerely appreciative.

I'd like to start by explaining what we do at the Railroad Commission. Our agency has primary regulatory jurisdiction over oil and natural gas production, pipelines, natural gas utilities, alternative fuels such as propane, and coal and uranium mining activity. As we talk about the events that transpired last week, it is important to remember that our regulatory jurisdiction includes gas production at the wellhead, and transportation of gas through pipelines, but does not include electric power plants or gas processing plants. We provide permits for operators seeking to drill for oil and natural gas, pipe hydrocarbons, mine for coal and uranium, and dispose of produced water. We oversee the state managed well plugging program, provide safety inspections for pipelines, and maintain the health and safety standards required for the industry.

As we learned of the severity of the winter storm that was headed our way, my fellow Commissioners and I convened an emergency meeting to prioritize human needs customers above all else for natural gas delivery. Safety is our number one priority at the Commission, so homes, hospitals, schools, and churches were granted priority status under our emergency amendment to the curtailment order. As the situation developed and further need was identified, we waived transport requirements for out-of-state alternative fuel haulers to allow expedited access for Texans should our state supply need to be supplemented. We authorized LDCs, or Local Distribution Companies, to track and account for extraordinary expenses as a result of the storm including but not limited to gas cost and transportation costs. This agency is committed to preventing undue financial burden on LDC customers and this instruction will allow us to collect the data we need to help prevent that from happening. And, we provided alternative options for salt water disposal companies while maintaining our environmental safety standards to prevent waste water from becoming a hazard in the freezing weather. My agency took proactive steps to prevent disruption to natural gas supply and availability and continued to be responsive to the needs of the industry and Texans in order to maintain supply across the state.

As the storm sat over Texas, every single energy source that feeds our state's power supply was disrupted. Wind, solar, coal, nuclear, oil and natural gas all experienced challenges. During the 8-day span of below-freezing temperatures in the Permian Basin, we took immediate action to address the problems that faced our natural gas providers. Through numerous conversations with operators, I learned of frozen roadways preventing crews from accessing the field. We worked directly with TDEM to clear those roads and allow access to the field for operators. However, time and time again, the number one problem that we heard reported from operators was a lack of power at their production sites. As outages spread across the state, the oilfield was not immune and, unfortunately, operators were unable to keep their systems functioning as power was cut. Some operators did need to preemptively shut in their wells for safety and well-integrity purposes prior to the storm, and some started as soon as

February 9<sup>th</sup>. Starting on Tuesday, February 16<sup>th</sup>, as it was safe to return to the field, crews arrived to find that their facilities were experiencing outages. The oil fields simply cannot run without power making electricity the best winterization tool. Working alongside PBPA and the Alliance of Energy Producers, we were able to directly communicate with the Chairman of the PUC, as well as electric transmission and distribution companies, and provide specific coordinates for areas and facilities to have power restored and get gas flowing again. As operators got back online, storage capacity across the state was depleted to keep supply up. Additionally, continuous communication with our partners at the Texas Energy Reliability Council served to streamline and expedite solutions. Daily communications between regulators, operators, and providers was critical to understanding storage withdrawals, supply needs, and infrastructure capabilities.

I would like to highlight the remarkable overall success of the Local Distribution Companies in Texas. LDCs are the companies that provide gas directly to residential customers. If you have a gas-powered stove, fireplace, furnace, or heat, you are an LDC customer. As millions of homes lost electricity across Texas, only 2153 LDC customers experience service disruption. That means that 99.95% of all customers did not lose gas. As of last night, only 16 have not yet been resolved due to customers being out of town or safety standards not being sufficient for reconnection. 4.6 million households in Texas utilize natural gas in their homes representing over 13 million Texans, and these families were able to continue to heat their homes.

Some media outlets would have you believe that natural gas producers and frozen transmission pipes caused the power shortage across the state, but I sit before you today to state that these operators were not the problem – the oil and gas industry was the solution. First, we did not have any frozen transmission pipelines. They continued to flow gas as much as possible. When wellhead operations faced freezing conditions, power supply was cut and outages caused a domino effect of problems. Any issues of frozen equipment or delays in process restoration could have been avoided had the production facilities not been shut down by power outages. Meanwhile, natural gas was being pulled from storage across the state at maximum capacity. While the Railroad Commission continues to collect data, preliminary EIA reports shows that while other energy sources dwindled, natural gas producers backfilled the gaps and helped to restore supply to electric power plants once power was restored in the field. The natural gas producers in our state were instrumental in restoring power supply to Texans.

Thank you again for having me today. I am happy to answer any questions you might have.